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UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

April 1, 1952

P R E S S D I G E S T

A Sample of Newspaper Stories and Comment Regarding the
Rural Electrification and Rural Telephone Program

ELECTRIFICATION

PRIVATE POWER RENEWS ATTACK

Column by Thomas L. Stokes
Washington (DC) Evening Star
February 25, 1952

In the 1944 Flood Control Act, Congress established that in distribution of electric power from public power projects, preference should be given public bodies, towns, municipalities, co-ops like those created under the 1936 REA Act. The same Act provided the government could build transmission lines from the public project where essential to delivery of the power to consumers. Now the private utilities have launched the most extensive campaign since early New Deal days to kill off this program. Aim is to grab off remaining choice sites, direct distribution and sale on their terms. Just now the fight is concentrated on development of the Niagara River. Offices of members of Congress are flooded with propaganda in behalf of construction jointly by five private companies. That would abolish the preference guarantee. The clause likewise would be eliminated under a proposal for the New York Authority to construct the project. A third alternative sponsored by Senator Herbert Lehman and Representative Franklin Roosevelt would provide for Federal construction but subsequent operation by New York state under terms that would retain the preference principle.

PIE IN THE SKY OVER NIAGARA

Article by George W. Keith in
Public Utilities Fortnightly
February 28, 1952

REA Chief Wickard said he was for the Lehman Bill because it would go a long way toward cheaper power for rural users in the Northeast. He alleged that rural co-ops in New York state buy their power at a cost of 1.13 cents per kwh as against .86 cents for all REA co-ops (1950).

The Binghamton Press, said private development would mean savings for taxpayers and consumers, and it would thwart the socialists and totalitarians who stand to profit by further centralization of government.

R. W. MacGregor, AFL Local 1049 IBEW, representing 75 percent of union workers in light and power industries, said in a prepared statement their experience with public power has been "bitter." "In all of them, REA's public utility districts, municipal and state...we have had an unending struggle-often vain- to obtain fair and decent labor relations."

Senator McClellan asked if his union preferred the project be constructed by private enterprise to avoid problems which he charged have arisen with government. MacGregor replied, "... As far as IBEW is concerned--we have made a complete change in our policy. We supported REA's; we supported Federal power projects. But in the last few years we have seen they are not what they are cracked up to be."

CO-OP PAYS OFF; MERCHANTS PLEASED

New Castle (Va.) Record
February 22, 1952

Harry Bowman, manager of Craig-Botetourt Electric Co-op, announced last week that their employees would be paid off in lucky \$2 bills for the period ending February 15. During the week-end there were more "\$2 Bucks" in the cash registers of the town than had been there for years. The payroll for the co-op for 1951 was over \$71,000 distributed among some 30 employees, and is expected to be approximately the same during 1952. Merchants were well pleased with the idea. We hear that one merchant got so excited over so many "\$2 Bucks" and the flash of light for a picture that he was so befuddled he didn't know how many "Bucks" to keep or return for change.

ELECTRIC RATES HEAD HIGHER REVERSING
A DECADE-LONG TREND

Story by
Allen Van Cranebrook in
Wall Street Journal
February 9, 1952

Electric power companies the country over are rushing to raise their charges. National figures indicate that 71 electric companies sought higher rates in 1951, compared with 32 the year before. Eight hikes have been approved so far this year, perhaps indicating the total for 1952 will approach the 100 mark. Both large and small firms are joining in the rush to raise power charges. While the overall cost of living has risen about 80 percent in the past decade, the FPC reports the average residential bill for 100 kwh of electricity dipped about 6 percent - to \$3.74 last year from \$3.98 ten years ago. Electric company executives claim that in the past decade fuel expense, wages and construction materials have about doubled. The effect of these steadily-climbing expenses in the face of relatively static rates has been to reduce earnings at a time when electric power companies are finding substantial financing necessary to meet the cost of record expansion programs.

ELECTRIC LIGHT USE INCREASES
60 PERCENT IN FIVE YEARS

Washington (DC) Evening Star
February 21, 1952

Americans are enjoying the benefits of about 60 percent more light today than they did five years ago. Production of this amount of light requires as much electric power as was sold in the nation for all purposes only 15 years ago.

GE OFFICIAL PREDICTS TRIPLE PRESENT
U. S. DEMAND FOR POWER BY 1970

Washington (DC) Post--UP dispatch
February 12, 1952

French Lick (Ind.) - A General Electric vice president, Chester H. Lang, predicts that by 1970 Americans will triple the amount of electric power they now use to a trillion kwhs.

PROTEST AGAINST SEPA APPROPRIATION
FOR TRANSMISSION LINES

Raleigh (NC) News & Observer
February 9, 1952

Washington (AP) - Louis V. Sutton, President of Carolina Power and Light Company, and Rep. Barden of North Carolina, appeared before a House Appropriations Subcommittee in opposition to spending federal money in competition with private enterprise. This year President Truman asked for \$6,350,000 to build new transmission lines in the Southeast and \$795,000 for operation of the power system. Sutton said spending this money is unnecessary and a shameful waste of critical materials and taxpayers' money. He said the lines proposed from Kerr Dam (Buggs Island) in N. Carolina as well as those proposed from Clark Hill Reservoir in S. Carolina are duplications of existing transmission lines. He said his company would take whatever power the government may allot to it and sell it to customers chosen by the government at no profit.

CHAPMAN WILL APPEAL ROANOKE RAPIDS
ORDER TO SUPREME COURT

Raleigh News & Observer
(Washington UP dispatch)
February 14, 1952

Interior Secretary Chapman said he has decided to appeal the Roanoke Rapids dam case to the Supreme Court. Interior Department contends the Flood Control Act of 1944 reserved the entire Roanoke River Valley for federal development. FPC authorized VEPCO to go ahead with the project. Representative John Kerr told Chapman he wanted VEPCO to build the dam. Chapman told the North Carolina delegation that this issue is bigger than the Roanoke River basin itself.

COMPLAINT OF THE CO-OPERATIVES

The Manitoba Cooperative
(Reprint from Winnipeg Tribune)
February 14, 1952

The Communist trick of seizing respected words and twisting them to cloak their activities is well known. They have seized "co-operation" and "co-operative" and used them in naming many of their fronts. In the minds of some Canadians the term "co-operative" now has a socialist or even Communist tinge. This is an utter perversion. True cooperation has nothing to do with either socialism or Communism. Cooperatives have been recognized and even encouraged by law for many years in Canada. Here in Manitoba much of the grain crop, dairy product, eggs, vegetables, etc., are marketed through cooperatives. The great majority of the members of these co-ops are as much opposed to socialism and Communism as are the rest of Canadians.

HOUSE OKAYS CO-OP TAX IN
STORMY FLOOR ACTION

Denver Post
February 10, 1952

The state house of representatives passed the bill to tax co-ops, savings and loan association, and credit unions. Rep. Oakley Wade charged that an REA official, Vance Austin of Sterling, was "pushing around legislators" to swing the vote against the co-op bill. As passed, the bill calls for excluding the member dividend, but taxing the non-member patron dividend. Rep. Palmer Burch has estimated that broadening the state income tax to include co-ops, savings and loan associations, and credit unions, will raise an additional one-half million dollars in tax revenue annually. [REA co-ops are specifically excluded from this new law, but the State Association believes the exclusion is only temporary - Ed.]

TELEPHONES

NEW REA LOAN CONTRACT

Public Utilities Fortnightly
February 28, 1952

REA has decided to revise its rural telephone loan contract. A recent letter from Administrator Wickard to Colonel Wm. C. Henry, head of the small company committee of the U. S. Independent Telephone Association, revealed the loan contract and related documents would be revised as a result of criticisms with respect to various restrictive provisions. It has been feared that these provisions would enable REA to enter the field of telephone company management. Provisions of the new contract will probably be made known within the next few weeks.

THE COMING IMPACT OF REA TELEPHONE LOANS

Editorial in
Fortnightly Telephone Engineer
March 1, 1952

The \$54 million allocated by (REA) to the beginning of 1952 is quite a sum. Most of it will be expended in areas in or adjoining those served by small Independent companies. There are, we think, possibilities of difficulties for commercial companies operating in areas adjoining those served by REA-financed concerns. What will be the attitude of the subscribers of existing companies, with old plants, when adjacent neighborhoods are receiving modernized service? The impact of this has not yet begun to be felt. REA advances money on its loans only as that money is actually spent. The possibilities of this situation, we believe, merit the attention of every telephone company near or adjoining a company or a co-op that is to be REA financed. The best remedy is modernization; the next best is the best service possible by the present plant and equipment.

RADIO CARRIES THE 'PARTY LINE' TO
FARMS IN VIRGINIA EXPERIMENT

By George Kennedy,
Washington (DC) Evening Star
February 27, 1952

Fredericksburg - The first instance of linking dial telephones in farm homes to the Nation's communications network by wireless is in operation a few miles from here. It probably will make the telephone available in the next few years to ranch homes in Southwest U. S. where dwellings are 10 miles and farther apart. The dial telephones hooked up by wireless are at Alsop, served by the Fredericksburg & Wilderness Telephone Company. When Alsop subscribers dial other telephones, the resulting conversation takes a 9-mile jump through the air. Two wires run from house to house. But they end up at a tall telephone pole topped with what looks like an extra-large television antenna. Nine miles away, behind the automatic central station of the telephone company is a similar pole with antenna. The automatic wireless sending station on each terminal pole operates at 150 megacycles in the range of the "short-wave" band, within which are the police and taxi radio systems. This limits rural telephone radio use to the few short-wave channels available. James E. MacDowell, an electronic engineer with REA, says the system in use in the Wilderness will be obsolete by fall. By that time he hopes to have a micro-wave system in operation.

TERRITORY INVASION HEARINGS BEGIN
FOR TWO OHIO COMPANIES

Telephony
February 16, 1952

Ohio Public Utilities Commission on February 4 began hearings into Elida Mutual Telephone Company's complaint that Lima Telephone & Telegraph Company had invaded its territory. The Lima company contends that the Ohio Commission granted it permission to operate in this territory in 1929. However, the Elida Company told the Commission that it wants to serve the questioned territory exclusively.

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UNITED STATES DEPARTMENT OF AGRICULTURE
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April 15, 1952

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ELECTRIFICATION

TRUMAN BLASTS POWER INDUSTRY

Washington (DC) Daily News
March 13, 1952

Chicago (UP) - President Truman accused the private power industry today of launching "one of the most vicious propaganda barrages in history" in an attempt to ruin the Federal power program. The President made his stinging attack in a message to the NRECA. He said he has always believed that the nation's resources belong to all the people instead of a few, that electric power produced with public money ought to be used for the benefit of the people and not for the benefit of the private power companies. But the private power lobby never has agreed with those principles, he said. The President said the nation has made tremendous strides since 1933 when the TVA was created; there has been a 3-fold increase in residential use of electricity, electrification of farms has multiplied 6 times, and the private power industry itself has grown far larger under the impetus of the Federal program. Until recently, Mr. Truman said, the power industry's attacks on the Federal program were aimed at the Valley Authority concept. Suddenly this propaganda line changed, and private power interests shifted to a new line. They raised the cry of 'Socialism', apparently on the theory if you can't persuade people, maybe you can frighten them.

UTILITY CHIEF HITS FEDERAL INTERFERENCE

Montpelier (Vt.) Evening Argus
March 20, 1952

Albert A. Cree, president of Central Vermont Public Service Corporation, declared that private power firms in Vermont would have made faster progress in rural electrification if REA was non-existent. He addressed his remarks to members of the New England-New York Inter-Agency Committee in Montpelier. The agency is conducting a study of utilization of natural resources in the New England and New York state area. The utility head also termed "federal interference" in the power business as "outright socialism." Cree said that in 1940 only 44 percent of the farm districts in Vermont were electrified as against 94 percent in 1950. The CVPSC president said private utility agencies have been adequate to meet the state's power needs, and that improvements can best be accomplished in the free enterprise system so firmly established in Vermont tradition and history. He added that public power is not needed in Vermont, that it is wasteful and socialistic.

A LABOR VIEW ON POWER

Co-op Power
March 1952

Although both CIO and AFL maintain support of public power, a few labor leaders have gained notoriety with statements in opposition. Generally, these voices of doom have been from areas where there is little public power. It is significant to read the comments from leaders in areas served largely by public power. The following editorial in part is from the EAST TENNESSEE LABOR NEWS:

Up North in the City of Chicago where there is supposed to be a strong labor movement as compared to ours in the South, there has occurred a singular action of labor nincompoopery. To-wit, the Chicago Central Labor Union has jumped in bed with the bosses on the question of public ownership of utilities. Down South in the Tennessee Valley it has been proved over and over that public ownership pays off. We like low electric rates; it permits a rural electrification program. The Chicago Central Labor Union can repeal its constitutional provision advocating public ownership of utilities if it wants to. As well might the Chicago Central Labor Union oppose Social Security benefits and turn the matter over to private insurance companies which already control a vast portion of the capital wealth. For ourselves, we aren't going to hide behind the boogey word 'Socialism' as an excuse to say it's all right for the bosses to milk the public. When we do, we are going to get out of the labor movement and honestly start drawing our money from management's side.

PHILADELPHIA CONTRIBUTIONSHIP, FIRST OF
TYPE IN NATION, TO MARK ANNIVERSARY

Story by William G. Weart in
The New York Times
March 24, 1952

Philadelphia - Two hundred years ago Benjamin Franklin and a group of friends, realizing the need and advantages of having mutual protection against destruction of property by flames, founded the Philadelphia Contributionship for the Insurance of Houses from Loss by Fire. Thus on March 25, 1752 was organized the first fire insurance company in the U. S. It also was the first mutual insurance firm and, as such, is the cornerstone of a business that now has more than \$142 billion worth of insurance in force for some 20 million policyholders. Because of Poor Richard's urge to protect his fellow-townsmen from loss, the Contributionship, as it still is known, and the country's fire and casualty mutual insurance business are observing their bicentennial. At the bicentennial banquet former U. S. Supreme Court Justice Owen J. Roberts will speak on "Co-operation--Keystone of Democracy."

IS BUSINESS GETTING SOAKED
AGAIN AT NIAGARA?

Full page ad in the
Buffalo Courier-Express
March 14, 1952

Full text of editorial "On the Brink of Socialism" in Collier's, March 8, promoting the development of Niagara project via 5 private power companies instead of either Federal government or New York

state. "The government's proposal is another example of creeping Socialism."

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NIAGARA HOHAWK POWER CORPORATION

TELEPHONE S

HISTORY OF THE RHINELANDER
TELEPHONE COMPANY

Golden Anniversary Pamphlet
Rhineland Telephone Company
Rhineland, Wisconsin

From a beginning capital of \$15,000 and 296 subscribers, April 1901, to the present investment of \$801,310 serving 4,441 stations, the Rhineland Telephone Company has grown with the community. The central office burned out twice, once in 1923, and again in December 1925 when Rhineland was without local service for 31 days. Mayor William Gilley says: Business activities were paralyzed for a week. Estimated losses ranged from \$100,000 to \$150,000. We increased our police force from 3 to 9 men. This cost the city \$32 a day extra. Contact with the hospital was established by a flashlight system. When a doctor was needed, a red light would be flashed". Meatmarket owner Johnson remarked: "I think we will suffer a net loss of \$250 for the month." Grocery owner Gruett: "Our loss of sales will run to \$4000." Bank President Brown said the loss of the telephone disorganized business, and started to establish economically unsound merchandising conditions.

Here is an example where the telephone, by not being available when needed, proved that it isn't "How much a telephone costs" but "How much it costs not to have a telephone" that counts.

PHONE FINANCES AND FUNNY BUSINESS

IRECA News
Des Moines, Iowa
March 1952

Villisca - At the February 13 annual meeting, a majority of the stockholders of the Villisca Farmers Telephone Company voted to support their directors in their action of last June in rejecting the REA loan and borrowing \$150,000 through another source. The "source" is the Stromberg-Carlson Company, manufacturers of telephone equipment. Since REA loans are public funds, they must be used to provide adequate area-wide service. The Villisca system will probably serve only the favored few from whom profit can be guaranteed. In attacks on REA, the Villisca company officials carefully avoided the fact that the company would have been required to borrow, pay interest on, and repay only as much of the \$313,000 REA loan as was needed to build an adequate system. If such can be built for less, it seems surprising that the company borrowed \$150,000 at 5 percent for 20 years when it could have obtained it at 2 percent for 35 years. It is likely that the Villisca system will purchase as much needed equipment as possible from S-C, giving that firm a virtual monopoly in supplying the project. It is pos-

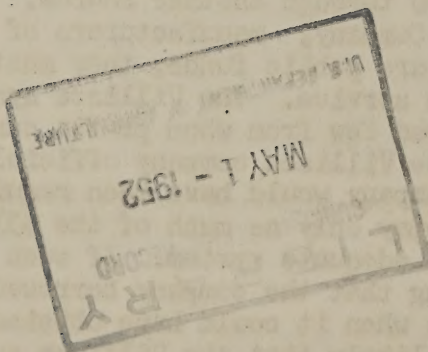
sible this situation would cause the Villisca company to pay a higher price for some items than if it were permitted to seek its supplies on a competitive-bid basis.

TELEPHONE SERVICE IMPROVED FOR
40 IOWA FARM FAMILIES

Advertisement in
Farmers Union Herald
St. Paul, Minnesota
March 3, 1952

The Jackson Cooperative Telephone Association near Keokuk, Iowa, rebuilt its lines and improved its service. (Photograph shows NW Bell engineer and Jackson co-op president installing new phones.. Under the photograph: "Why not join the 1,125 farmer-owned companies that Northwestern Bell has helped in the past two years?")

Paid for by
Northwestern Bell Telephone Company



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ELECTRIFICATION

NARROW FEASIBILITY MARGINS

San Antonio (Tex.) Evenine News
March 12, 1952

Administrator Wickard told a House Agriculture subcommittee that in some cases the REA is running into "rather narrow feasibility margins." That means the cost of some rural electric programs is higher than justified by prospective income. He said the average "weighted mile" had a cost of \$2012 in 1952, compared with \$1909 in 1950 and \$750 in 1940. He said 84 percent of the farms are electrified and that most of those without electricity are in the "thinner" areas. The figures showing mile costs in 1951 nearly three times what they were in 1940 is another index of inflation. No one would argue that rural electric service in 1951 was three times as valuable as the same kind of service financed by loans in 1940. The encouraging part of Administrator Wickard's report is his recognition of the importance economic feasibility should have in government financing.

DPA URGES 32,000,000 KW ELECTRIC
GENERATING ADDITION BY 1954

New York Times
March 22, 1952

Washington, D. C. - An expansion program to add 32,000,000 kw to the 75,000,000 kw presently installed capacity of major utilities was announced by the DPA. This program is to be completed by the end of 1954. Studies aimed at establishing a desirable goal for power-plant expansion were started last fall when an electric power advisory committee was appointed to make recommendations. The committee's report indicated a need for an increase of about 30,000,000 kw. DPA decided the desired goal should be at least 2,000,000 kw higher.

SOMETHING TO THINK ABOUT

Editorial in Electrical World
March 10, 1952

The residential load is growing not in a constant geometric ratio but in an increasing ratio. Fourteen years ago, average annual residential use was about 6 percent higher than in the year before (1938-37). Today, the ratio of increase is over 9 percent (1951-50). In 1938, the statistician could have figured, at 6 percent, average annual residential usage in 1950 would be twice the then amount. He would have been considerably on the low side--853 kwhr in 1938, 1830 in 1950. Now he can look at 1950-51, take 9 percent as the rate, and come up with around 4,000 kwhr for 1959. If he does, he may be making a much bigger mistake than he would have made in 1938.

U. S. CHAMBER OF COMMERCE CHARGES
PUBLIC POWER MEANS SOCIALISM

New York Times
March 17, 1952

Washington D. C. (AP) -- The U. S. Chamber of Commerce said that President Truman and other advocates of public power were trying to toss all Americans into the arms of socialism. A. L. Lynn of Huntington, W. Virginia, Chairman of the chamber's natural resources committee, declared: "If the government takes over the power industry, what is to stop it from taking over the grocery business next and then perhaps the textbook industry and after that all business? Government power monopoly is a virtual hallmark of the socialistic countries. If it is so beneficial and so economically practical, why are so many of these Socialist nations dependent on American tax dollars to save them from bankruptcy?" Lynn's statement was a reply to a message the President sent to the NRECA meeting in Chicago. Mr. Truman had said the power industry's propaganda campaign was "one of the most cynical and dangerous developments in many years."

CHAPMAN APPEALS ROANOKE RAPIDS
ORDER TO SUPREME COURT

Wall Street Journal
March 24, 1952

Washington D. C. - Secretary of the Interior Chapman asked the Supreme Court yesterday to review a decision that upheld a Federal Power Commission license issued to Virginia Electric & Power Company to build a hydroelectric dam at Roanoke Rapids, Virginia. He had previously indicated that he would appeal to the high court.

DO THE FARMERS WANT THIS?

Editorial in The Indianapolis News
January 24, 1952

The rural electrification movement is at a crossroads in its development. To date, it has served as a distributing agency. Farm living and farm working have been virtually revolutionized in the past 15 years. Now it is proposed to go a step farther. Co-ops have been buying their power at wholesale, and at reasonable rates, from private utilities. Frank Salzarulo, farm editor, in a series of articles, uncovered and reported plans to build three generating plants with \$90 million borrowed from the American taxpayer. The motive is not a need for more power. The real motive is the desire of the paid employees of the co-ops to work toward the goal of nationalizing the power industry. Do the farmers want to undertake an unnecessary venture into the field of power production--a venture designed essentially to undermine the system of individual freedom and enterprise which is particularly precious to farmers? We don't believe they do.

Rural Electrification
March 1952

Located in a cornfield, WBCS, South Carolina's most powerful radio station, gets the power for its 10,000 watt signal from the Marlboro Electric Co-op in Bennettsville, South Carolina. No power outages have occurred to date in service to the station, which blankets North Carolina and all of coastal South Carolina.

TELEPHONES

NRECA VOTES TO TAKE IN RURAL Telephony
TELEPHONE CO-OPS AS "AFFILIATE" MEMBERS March 29, 1952

There was a resolution adopted by NRECA at its Chicago meeting which apparently has the effect of creating a special kind of NRECA membership for rural telephone co-ops. This resolution provides that any "national rural telephone system" (meaning an REA borrower or prospective borrower organized on a cooperative or non-profit basis) may make a special contract with NRECA, thereby becoming an "NRECA telephone affiliate." Such members would contribute \$10 a year and a small charge of from 2 to 5 cents per telephone station served. In return NRECA will continue its efforts to advance the rural telephone program. Heretofore, NRECA has been helping the telephone co-ops without charge. Now it feels the telephone co-ops contribute to further NRECA efforts to obtain legislation enabling farmers to establish rural telephone systems similar to REA co-ops. Two comments seem to be in order: (1) Commercial telephone organizations, meaning all those operating for profit, whether incorporated or managed by proprietors or partners, would not appear to be eligible to join the NRECA; (2) Apparently, the "telephone affiliates" are to be given a limited membership-confining their activities to strictly telephone matters as distinguished from over-all NRECA affairs.

NW BELL AT 'ALL-TIME HIGH' Telephony
IN PROVIDING RURAL SERVICE March 15, 1952

NW Bell Telephone Company has reported that it is now serving an all-time high number of rural stations, 201, 267, including those operated by several thousand farm line companies in its five-state area. This represents 80 percent of the farms in the area. In addition to spending 15 million dollars since the war's end on rural lines alone, the company has supplied engineering advice and construction supervision to hundreds of these companies that have had to rebuild because of REA construction. Rural telephones have had a growth of 64,000 in the last seven years in the area.

TEXAS HOLD ANNUAL CONVENTION Fortnightly Telephone Engineer
 April 1952

At the meeting of the Texas Telephone Association, D.B. Corman, REA Technical Consultant, said the Independent telephone companies have come up against the problem of getting enough money to soothe the growing pains of the industry, that the matter of meeting demands for telephone service within and on the periphery of town and villages no longer is adequate. It is equally, if not more, important to meet demands in the rural area. Corman commented that Congress amended the RE Act to authorize loans for such purposes. He stated that so many potential borrowers had kept no adequate record of their operations that it had been necessary to set up an organization which would enable the REA Administrator to determine: Whether a loan application was feasible; whether the amount of money was too little or too much; and that the quality of materials used in construction financed by REA was such as to offer security over the period of the loan. He said it was entirely a new venture into uncharted seas of

finance. After a little more than two years, he added, actual cash is getting into the hands of an ever-increasing number of borrowers. By the end of another year, many telephones will be ringing in rural areas which would have been a long, long time without service had it not been for this program.

IN THE NATION'S CAPITAL

Editorial in Telephony
March 22, 1952

Public utilities of all kinds must realize that they stand a good chance of being the administration's whipping boy in the coming campaign. How else can we explain the statement by Secretary Chapman in Chicago to the effect that the fight of the federal government to expand its operations in the electric utility business was one of the greatest issues of our time. Opposition to or criticism of the REA will be made a very definite political issue, according to Rep. Clarence Cannon of Missouri, long-time champion of REA. And why is REA doomed, unless Congress rallies to its support with more funds? The truth is that REA is rapidly working itself out of a job. Administrator Wickard told the NRECA convention in Chicago that within 2 or 3 years, if materials are available, the backbone lines to serve every farmer who wants electricity will be in service. So what will REA do? (1) REA can move into making loans for the generation and transmission of electrical energy or (2) concentrate its efforts more on the rural telephone loan program. One reason why REA may have to turn to activity in telephones, rather than the G & T phases of the power business, lies in a combination of litigation and appropriation troubles. In the light of these difficulties, REA may be forced to concentrate on rural telephone loans.

